

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Idaho Bancorp

Point of Contact:	Bruce W. Barfuss	RSSD: (For Bank Holding Companies)	3301883
UST Sequence Number:	396	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,900,000	FDIC Certificate Number: (For Depository Institutions)	34317
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	January 19, 2009	City:	Boise
Date Repaid ¹ :	N/A	State:	Idaho

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Loans outstanding at December 31, 2010 decreased 28.3% from loans outstanding at December 31, 2009. The receipt of capital allowed the Bank to reduce loans less than otherwise would have occurred, particularly as the Bank wanted to stay above 7% total risk-based capital.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

The Bank increased its reserves for non-performing loans from \$8,525,554 (4.63% of outstanding loans) at December 31, 2009 to \$9,474,198 (7.17% of outstanding loans) at December 31, 2010. This is an increase in the allowance of \$948,644 in absolute funds and \$2,411,834 in relative funds.

☐ Reduce borrowings.

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☒ **Increase charge-offs.**

The Bank recognized an increase in net charge-offs, including losses on other real estate owned, during 2010 of \$602,700. The charge-offs for 2010 were \$8,248,500 compared to the charge-offs of \$7,645,800 for 2009.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The Bank was able to avoid rate restrictions on its in-market deposits during 2010 as a result of the capital infusion of CPP funds. As of December 31, 2010, the Bank was considered to be undercapitalized according to PCA definitions of capital adequacy. However, some of the Bank's funding sources, brokered deposits and some correspondent banking fed funds lines, were restricted or eliminated from the Bank's use.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank was able to keep more of its earning assets on the books during 2010 because of the capital infusion of CPP funds, rather than de-leveraging the Bank further in order to meet certain regulatory capital adequacy levels.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.